

USAID's Fiscal Year 2006 Budget Request

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The President's budget requests \$9.1 billion in fiscal year 2006 for development and humanitarian assistance administered by the U.S. Agency for International Development (USAID). USAID will uniquely program and manage approximately \$5.0 billion and manage an additional \$4.1 billion in coordination with the Department of State.

The fiscal year 2006 USAID budget request totals \$4.22 billion in the following accounts:

- Child Survival and Health: \$1.252 billion
- Development Assistance: \$1.103 billion
- International Disaster and Famine Assistance: \$655.5 million
- Transition Initiatives: \$325 million
- P.L. 480 Food for Peace: \$885 million

In addition, USAID will manage the following programs with the Department of State:

- Support for East European Democracies: \$382 million
- FREEDOM Support Act: \$482 million
- Economic Support Funds: \$3.036 billion

Highlights of the Budget

- \$191 million in democracy and governance, conflict mitigation and human rights programs to support elections, the rule of law and anti-corruption and anti-trafficking efforts;
- \$325 million in transition initiatives to support the stabilization of fragile states;
- \$655.5 million in disaster and famine assistance for the management of humanitarian relief, rehabilitation, and reconstruction assistance to countries struck by natural and man-made disasters;
- \$885 million in food assistance (P.L. 480 Title II) to relieve chronic food shortages, finance developmental activities and address emergency food shortages;
- \$451 million in education;
- \$433 million in agriculture and natural resource management;
- \$244 million in business, trade and investment;
- \$330 million for HIV/AIDS;
- \$425 million for family and reproductive health programs;
- \$327 million for child survival and maternal health and \$139 million for other infectious diseases;
- \$3.036 billion in assistance to countries supporting the economic and political foreign policy concerns of the United States. Major recipients of this aid include Egypt, Israel, Jordan, West Bank and Gaza and front-line states in the war on terrorism, including Indonesia, Pakistan, Afghanistan and the Philippines. Funding is also requested for Iraq.
- \$680.7 million for USAID operating costs

- \$77.7 million for capital investment

Two noteworthy differences between this and last year's budget

First, the Transition Initiatives account will be put to greater use in managing USAID resources strategically. USAID has proposed shifting \$275 million from the Development Assistance account to the Transition Initiatives account. This shift is necessary to allow USAID missions the flexibility to respond quickly to the special needs in fragile states for post-crisis stabilization, reform and capacity development. Four countries will benefit from this shift: Afghanistan (\$150 million), Sudan (\$70 million), Haiti (\$30 million) and Ethiopia (\$25 million). The remaining \$50 million of the TI account will be managed by USAID's Office of Transition Initiatives.

Second, \$300 million will be shifted from the P.L. 480 Title II account to the International Disaster and Famine Assistance account. The shift will allow for the purchase of local food in cases where there is a threat of a break in the food pipeline which could lead to critical food shortages, such as that experienced in fiscal year 2004 in the Democratic Republic of the Congo. In large-scale food emergencies (potential famines), such as Ethiopia, buying some food locally helps countries respond, themselves, quickly to critical food needs.
